

**COUNTY OF ALPENA, MICHIGAN**

Federal Financial Assistance Compliance Audit  
(Single Audit)

For The Year Ended December 31, 2004

**STRALEY, ILSLEY & LAMP P.C.**

## CONTENTS

	<b><u>Page</u></b>
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	1
Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance with OMB Circular A -133 and Supplementary Schedule of Expenditures of Federal Awards	3
Schedule of Federal Financial Assistance	6
Notes to Schedule of Federal Financial Assistance	16
Schedule of Findings and Questioned Costs	19
Summary Schedule of Prior Audit Findings	20
Corrective Action Plan	21
Schedule of Grant No. MSC 03-0756-HOA	22

**STRALEY, ILSLEY & LAMP P.C.**

2106 U.S. 23 SOUTH, P.O. BOX 738

ALPENA, MICHIGAN 49707

TELEPHONE (989) 356-4531

FACSIMILE (989) 356-0494

*Certified Public Accountants*

PHILIP T. STRALEY, C.P.A.  
ROBERT D. ILSLEY, C.P.A.  
BERNARD R. LAMP, C.P.A.  
MARK L. SANDULA, C.P.A.  
TERRENCE D. YULE, C.P.A.  
JAMES E. KRAENZLEIN, C.P.A., C.V.A.  
SHANNA M. JOHNSON, C.P.A.  
DONALD C. LEVREN

*TAX, AUDIT AND BUSINESS CONSULTANTS*

RETIRE  
GORDON A. NETHERCUT, C.P.A.  
CARL F. REITZ, C.P.A.  
WARREN W. YOUNG, C.P.A.

To the Board of Commissioners  
County of Alpena, Michigan

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS.**

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **County of Alpena, Michigan**, as of and for the year ended December 31, 2004, and have issued our report thereon dated May 31, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We did not audit the financial statements of the Alpena General Hospital, representing 66% of the assets and 87% of the activities of the discretely presented component units and the Alpena County Road Commission, representing 31% of the assets and 4% of the activities of the discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it related to the amounts included for the Alpena General Hospital and the Alpena County Road Commission, is based solely on the report of the other auditors.

Compliance

As part of obtaining reasonable assurance about whether the **County of Alpena's** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the **County of Alpena's** internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of the **County of Alpena** in a separate letter dated May 31, 2005.

This report is intended for the information of management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

*Straley, Ilsley, and Lamp P.C.*

May 31, 2005

**STRALEY, ILSLEY & LAMP P.C.**

2106 U.S. 23 SOUTH, P.O. BOX 738

ALPENA, MICHIGAN 49707

TELEPHONE (989) 356-4531

FACSIMILE (989) 356-0494

*Certified Public Accountants*

PHILIP T. STRALEY, C.P.A.  
ROBERT D. ILSLEY, C.P.A.  
BERNARD R. LAMP, C.P.A.  
MARK L. SANDULA, C.P.A.  
TERRENCE D. YULE, C.P.A.  
JAMES E. KRAENZLEIN, C.P.A., C.V.A.  
SHANNA M. JOHNSON, C.P.A.  
DONALD C. LEVREN

*TAX, AUDIT AND BUSINESS CONSULTANTS*

RETIRE  
GORDON A. NETHERCUT, C.P.A.  
CARL F. REITZ, C.P.A.  
WARREN W. YOUNG, C.P.A.

To the Board of Commissioners  
County of Alpena, Michigan

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM  
AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND  
SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS.**

Compliance

We have audited the compliance of the **County of Alpena, Michigan**, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2004. The **County of Alpena, Michigan's** major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the **County of Alpena's** management. Our responsibility is to express an opinion on the **County of Alpena's** compliance based on our audit.

The County of Alpena, Michigan's basic financial statements include the operations of the Alpena County Road Commission, which received \$427,886 in federal awards, which is not included in the schedule during the year ended December 31, 2004. Our audit, described below, did not include the operations of the Alpena County Road Commission because they engaged other auditors to perform an audit in accordance with (OMB) Circular A-133.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the requirements referred to above could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the **County of Alpena, Michigan's** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the **County of Alpena, Michigan's** compliance with those requirements.

In our opinion, the **County of Alpena, Michigan**, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal financial assistance programs for the year ended December 31, 2004.

Internal Control Over Compliance

The management of the **County of Alpena, Michigan**, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the **County of Alpena, Michigan's** internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

#### Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **County of Alpena, Michigan**, as of and for the year ended December 31, 2004, and have issued our report thereon dated May 31, 2005. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the **County of Alpena, Michigan's**, basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A -133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

This report is intended for the information of management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

*Straley, Ilsley, and Lamp P.C.*

May 31, 2005

County of Alpena

**SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE**

For the year ended December 31, 2004

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Program or Award Amount</u>
<u>U.S. Department of Agriculture</u>			
Passed through State of Michigan			
Department of Community Health:			
Special Supplemental Nutrition Program	10.557		
4275 W.I.C. - 02/03		XX4W1006	\$ 208,365
4275 W.I.C. - 03/04		XX4W1006	235,487
4275 W.I.C. - 04/05		XX4W1006	220,889
			<u>664,741</u>
Total U.S. Department of Agriculture			<u>664,741</u>
<u>U.S. Department of Housing and Urban Development</u>			
Passed through Michigan State Housing			
Development Authority:			
Community Development Block Grant	14.219	MSC 03-0756-HOA	<u>200,000</u>
Total U.S. Department of Housing and Urban Development			<u>200,000</u>
<u>U.S. Department of Justice</u>			
Passed through State of Michigan			
Family Independence Agency:			
Juvenile Accountability Incentive Block Grants	16.523		
JAIBG - Juvenile grant - 2004		JABGN 03-04001	10,028
JAIBG - Juvenile grant - 2004		JABGN 04-04001	19,187
JAIBG - Juvenile grant - 2005		JABGN 04-04001	9,149
			<u>38,364</u>
Total Passed Through State of Michigan Family Independence Agency			<u>38,364</u>
Passed through State of Michigan			
Department of Community Health:			
Byrne Formula Grant Program	16.579		
Huron Undercover Narcotics Team			
Multi Jurisdictional Task Force		2004-1360	145,000
Multi Jurisdictional Task Force		2005-0971	149,000
			<u>294,000</u>
Total Passed Through State of Michigan Department of Community Health			<u>294,000</u>
Total U.S. Department of Justice			<u>332,364</u>

\* Major Program

Revenue Accrued (Deferred) at Dec. 31, 2003	Prior Year (s) Expenditures	Receipts	Expenditures	Revenue Accrued (Deferred) at Dec. 31, 2004	Total Expenditures
\$ -	\$ 222,565	\$ (14,200)	\$ (14,200)	\$ -	\$ 208,365
-	55,641	179,846	179,846	-	235,487
-	-	55,221	55,221	-	55,221
-	278,206	220,867	220,867	-	499,073
-	278,206	220,867	220,867	-	499,073
-	125,000	75,000	75,000	-	200,000
-	125,000	75,000	75,000	-	200,000
3,694	7,575	6,147	2,453	-	10,028
-	-	19,187	19,187	-	19,187
-	-	2,466	6,921	4,455	6,921
3,694	7,575	27,800	28,561	4,455	36,136
2,307	8,673	138,634	136,327	-	145,000
-	-	2,684	7,726	5,042	7,726
2,307	8,673	141,318	144,053	5,042	152,726
6,001	16,248	169,118	172,614	9,497	188,862

See the accompanying notes to Schedule of Federal Assistance.



County of Alpena

**SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE**

For the year ended December 31, 2004

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Program or Award Amount</u>
<u>U.S. Environmental Protection Agency</u>			
Passed through Michigan Department of Environmental Quality:			
Beach Monitoring and Notification Program	66.472		
Inland Lakes Beach Monitoring Project		N/A	\$ 19,800
Lake Huron Beach Monitoring Project		N/A	15,808
			<hr/>
Total U.S. Environmental Protection Agency			35,608
			<hr/>
<u>U.S. Department of Health and Human Services</u>			
Passed through State of Michigan			
Department of Community Health:			
Family Planning Services	93.217		
4281 Family Planning - 03/04		05H000173	57,181
4281 Family Planning - 04/05		05H000173	61,514
			<hr/>
			118,695
			<hr/>
Childhood Immunization Grants	93.268		
1300 Immunization Action Plan - 03/04		H23 CCH504477	26,819
1300 Immunization Action Plan - 04/05		H23 CCH504477	26,767
1340 Immunization Vaccine Handling - 04/05		H23 CCH504477	2,412
Vaccines provided - 03/04		U50 CCU514403	256,004
VCF provider visits - 02/03		H23 CCH504477	3,400
VCF provider visits - 03/04		H23 CCH504477	-
			<hr/>
			315,402
			<hr/>
Centers for Disease Control and Prevention -			
Investigations and Technical Assistance	93.283		
1352 CDI-Breast and Cervical Cancer- 03/04		U58 CCU5228826	35,375
1352 CDI-Breast and Cervical Cancer- 04/05		U58 CCU5228826	39,375
1590 Bioterrorism Focus A - 03/04		CCU517018	73,929
1590 Bioterrorism Focus A - 04/05		CCU517018	110,000
1591 Bioterrorism Focus B - 03/04		CCU517018	32,497
1591 Bioterrorism Focus B - 04/05		CCU517018	-
1594 Bioterrorism Focus E - 03/04		CCU517018	88,931
1594 Bioterrorism Focus E - 04/05		CCU517018	-
1595 Bioterrorism Focus F - 03/04		CCU517018	36,740
1595 Bioterrorism Focus F - 04/05		CCU517018	-
1596 Bioterrorism Focus G - 03/04		CCU517018	41,956
1596 Bioterrorism Focus G - 04/05		CCU517018	-
			<hr/>
			458,803
			<hr/>

\* Major Program

Revenue Accrued (Deferred) at Dec. 31, 2003	Prior Year (s) Expenditures	Receipts	Expenditures	Revenue Accrued (Deferred) at Dec. 31, 2004	Total Expenditures
\$ -	\$ -	\$ 10,716	\$ 10,716	\$ -	\$ 10,716
-	-	12,559	12,559	-	12,559
-	-	23,275	23,275	-	23,275
-	14,295	42,886	42,886	-	57,181
-	-	21,954	21,954	-	21,954
-	14,295	64,840	64,840	-	79,135
-	6,705	20,114	20,114	-	26,819
-	-	6,693	6,693	-	6,693
-	-	603	853	250	853
-	-	256,004	256,004	-	256,004
-	3,250	150	150	-	3,400
-	-	3,600	3,600	-	3,600
-	9,955	287,164	287,414	250	297,369
-	13,626	21,749	21,749	-	35,375
-	-	9,846	9,846	-	9,846
-	21,255	52,674	52,674	-	73,929
-	-	13,065	13,065	-	13,065
-	8,104	24,393	24,393	-	32,497
-	-	2,000	5,736	3,736	5,736
-	4,952	83,979	83,979	-	88,931
-	-	2,000	4,157	2,157	4,157
-	6,122	30,618	30,618	-	36,740
-	-	2,000	8,250	6,250	8,250
-	6,992	34,964	34,964	-	41,956
-	-	8,436	10,381	1,945	10,381
-	61,051	285,724	299,812	14,088	360,863

See the accompanying notes to Schedule of Federal Assistance.

County of Alpena

**SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE**

For the year ended December 31, 2004

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Program or Award Amount</u>
<u>U.S. Department of Health and Human Services - (continued)</u>			
Passed through State of Michigan			
Department of Community Health (continued):			
Medical Assistance Program	93.778		
4356 Case Management Services - 03/04		5XX05MI5048	\$ 7,983
4356 Case Management Services - 04/05		5XX05MI5048	7,983
CSHC Care Coordination - 03/04		5XX05MI5048	-
			<u>15,966</u>
Breast and Cervical Cancer Early Detection	93.919		
1352 CDI-Breast and Cervical Cancer - 03/04		U57 CCU506738	2,000
1352 CDI-Breast and Cervical Cancer - 04/05		U57 CCU506738	2,000
1352 CDI-Breast and Cervical Cancer - 03/04		U57 CCU506738	41,922
1352 CDI-Breast and Cervical Cancer - 04/05		U57 CCU506738	41,100
			<u>87,022</u>
Maternal and Child Health Services	93.994		
4251 Pregnancy Prevention - 04/05		B1MIMCHS	34,068
4262 Local MCH - 03/04		B1MIMCHS	47,579
4262 Local MCH - 04/05		B1MIMCHS	42,579
4262 Local MCH - Child Health - 03/04		B1MIMCHS	15,000
4262 Local MCH - Child Health - 04/05		B1MIMCHS	20,000
4281 Family Planning - 03/04		B1MIMCHS	12,463
4281 Family Planning - 04/05		B1MIMCHS	12,799
4356 Case Management Services - 03/04		B1MIMCHS	11,112
4356 Case Management Services - 04/05		B1MIMCHS	11,112
			<u>206,712</u>
Total Passed Through State of Michigan			
Department of Community Health			<u>1,202,600</u>
Passed through State of Michigan			
Family Independence Agency:			
Promoting Safe and Stable Families	* 93.556		
Day One - Alpena County - 03/04		CAN 01-04001	91,448
Day One - Alpena County - 04/05		CAN 05-04001	25,157
Day One - Cheboygan County - 03/04		SFSC 04-16002	20,000
Day One - Cheboygan County - 04/05		SFSC 04-16002	20,000
			<u>156,605</u>

\* Major Program

Revenue Accrued (Deferred) at Dec. 31, 2003	Prior Year (s) Expenditures	Receipts	Expenditures	Revenue Accrued (Deferred) at Dec. 31, 2004	Total Expenditures
\$ -	\$ 1,995	\$ 5,988	\$ 5,988	\$ -	\$ 7,983
-	-	1,995	2,009	14	2,009
-	-	810	810	-	810
-	1,995	8,793	8,807	14	10,802
-	-	2,000	2,000	-	2,000
-	-	500	500	-	500
-	10,275	31,647	31,647	-	41,922
-	-	10,273	10,273	-	10,273
-	10,275	44,420	44,420	-	54,695
-	-	-	-	-	-
-	11,895	35,684	35,684	-	47,579
-	-	12,396	12,396	-	12,396
-	3,750	11,250	11,250	-	15,000
-	-	3,249	3,249	-	3,249
-	3,117	9,346	9,346	-	12,463
-	-	4,569	4,569	-	4,569
-	2,778	8,334	8,334	-	11,112
-	-	2,778	2,801	23	2,801
-	21,540	87,606	87,629	23	109,169
-	119,111	778,547	792,922	14,375	912,033
9,611	22,916	78,143	68,532	-	91,448
-	-	-	25,157	25,157	25,157
5,127	5,127	20,000	14,873	-	20,000
-	-	1,381	5,069	3,688	5,069
14,738	28,043	99,524	113,631	28,845	141,674

See the accompanying notes to Schedule of Federal Assistance.

County of Alpena

**SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE**

For the year ended December 31, 2004

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Program or Award Amount</u>
<u>U.S. Department of Health and Human Services - (continued)</u>			
Passed through State of Michigan			
Family Independence Agency (continued)			
Temporary Assistance for Needy Families	* 93.558		
0-3 Toddler - Alpena County - 03/04		CTFPR 04-04001	\$ 123,244
0-3 Toddler - Alpena County - 04/05		CTFPR 05-04001	123,244
0-3 Toddler - Montmorency County - 03/04		CTFPR 04-60001	71,371
0-3 Toddler - Montmorency County - 04/05		CTFPR 05-60001	71,371
Day One - Alpena County - 03/04		CAN 01-04001	95,180
Day One - Alpena County - 04/05		CAN 05-04001	24,595
			<u>509,005</u>
Child Support Enforcement	* 93.563		
Friend of the Court - 02/03		CS/FOC-03-04001	316,601
Friend of the Court - 03/04		CS/FOC-04-04001	283,657
Friend of the Court - 04/05		CS/FOC-05-04001	74,512
Prosecuting Attorney - 02/03		CS/PA-03-04002	22,905
Prosecuting Attorney - 03/04		CS/PA-04-04002	26,553
Prosecuting Attorney - 04/05		CS/PA-05-04002	6,248
Medical Assistance Payments			
Friend of the Court - 02/03		CS/MED-03-04001	14,385
Friend of the Court - 03/04		CS/MED-04-04001	12,646
Friend of the Court - 04/05		CS/MED-05-04001	4,321
			<u>761,828</u>
Total passed through State of Michigan			
Family Independence Agency			<u>1,427,438</u>
Passed through Alpena General Hospital:			
Rural Health Outreach	93.912		
Heartnet		IDO4RH 00177-01	<u>18,125</u>
Total Passed through Alpena General Hospital			<u>18,125</u>
Total U.S. Department of Health and Human Services			<u>2,648,163</u>
<u>Corporation for National and Community Service</u>			
Passed through State of Michigan			
Department of Career Development:			
Americorps	94.006	MCSC/FEL/F-47/03	<u>46,600</u>
Total Corporation for National and Community Service			<u>46,600</u>

\* Major Program

Revenue Accrued (Deferred) at Dec. 31, 2003	Prior Year (s) Expenditures	Receipts	Expenditures	Revenue Accrued (Deferred) at Dec. 31, 2004	Total Expenditures
\$ 3,309	\$ 34,120	\$ 92,433	\$ 89,124	\$ -	\$ 123,244
-	-	30,811	31,500	689	31,500
18,603	18,603	71,371	52,768	-	71,371
-	-	17,843	18,934	1,091	18,934
10,003	23,852	81,331	71,328	-	95,180
-	-	-	24,595	24,595	24,595
31,915	76,575	293,789	288,249	26,375	364,824
22,974	316,601	22,974	-	-	316,601
44,248	73,565	231,617	210,092	22,723	283,657
-	-	-	74,512	74,512	74,512
1,814	22,905	1,814	-	-	22,905
7,140	7,140	26,553	19,413	-	26,553
-	-	-	6,248	6,248	6,248
530	14,385	530	-	-	14,385
1,777	3,079	11,344	9,567	-	12,646
-	-	1,686	4,321	2,635	4,321
78,483	437,675	296,518	324,153	106,118	761,828
125,136	542,293	689,831	726,033	161,338	1,268,326
1,840	16,523	3,442	1,602	-	18,125
1,840	16,523	3,442	1,602	-	18,125
126,976	677,927	1,471,820	1,520,557	175,713	2,198,484
4,004	26,574	24,030	20,026	-	46,600
4,004	26,574	24,030	20,026	-	46,600

See the accompanying notes to Schedule of Federal Assistance.

County of Alpena

**SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE**

For the year ended December 31, 2004

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Program or Award Amount</u>
<u>U.S. Department of Homeland Security</u>			
Passed through Michigan State Police			
Emergency Management Division:			
State Domestic Preparedness Equipment	97.004		
SHSGP Part I Training Grant		061104T56	\$ 150,000
SHSGP Part II Training Grant		Q1COA	37,000
Solution Area Planner		020105P	34,000
Weapons of Mass Destruction Exercise		020105A	12,000
Equipment Solutions Area		02105J	158,797
State Assessment		0209041	4,140
			<u>395,937</u>
Emergency Management Performance Grants	97.042		
Local Assistance Grant - 03/04		120204-004	11,795
Local Assistance Grant - 04/05		120204-005	10,671
			<u>22,466</u>
State and Local All Hazards Emergency	97.051		
2002 Supplemental Planning Grant		120903A	9,065
2002 Supplemental Planning Grant		032404B	7,346
2002 Supplemental Planning Grant		061504B	600
			<u>17,011</u>
Citizen Corps	97.053		
Community Emergency Response Team		Cert/F-1/04	38,500
			<u>38,500</u>
Total U.S. Department of Homeland Security			<u>473,914</u>
Total Federal Financial Assistance			<u>\$ 4,401,390</u>

\* Major Program

Revenue Accrued (Deferred) at Dec. 31, 2003	Prior Year (s) Expenditures	Receipts	Expenditures	Revenue Accrued (Deferred) at Dec. 31, 2004	Total Expenditures
\$ -	\$ 90,142	\$ 57,896	\$ 57,896	\$ -	\$ 148,038
-	-	8,038	17,532	9,494	17,532
-	-	15,692	23,538	7,846	23,538
-	-	-	9,955	9,955	9,955
-	-	-	32,536	32,536	32,536
4,140	4,140	4,140	-	-	4,140
<u>4,140</u>	<u>94,282</u>	<u>85,766</u>	<u>141,457</u>	<u>59,831</u>	<u>235,739</u>
2,792	2,792	11,795	9,003	-	11,795
-	-	-	2,668	2,668	2,668
<u>2,792</u>	<u>2,792</u>	<u>11,795</u>	<u>11,671</u>	<u>2,668</u>	<u>14,463</u>
9,065	9,065	9,065	-	-	9,065
-	-	7,346	7,346	-	7,346
-	-	600	600	-	600
<u>9,065</u>	<u>9,065</u>	<u>17,011</u>	<u>7,946</u>	<u>-</u>	<u>17,011</u>
-	-	-	4,513	4,513	4,513
-	-	-	4,513	4,513	4,513
<u>15,997</u>	<u>106,139</u>	<u>114,572</u>	<u>165,587</u>	<u>67,012</u>	<u>271,726</u>
<u>\$ 152,978</u>	<u>\$ 1,230,094</u>	<u>\$ 2,098,682</u>	<u>\$ 2,197,926</u>	<u>\$ 252,222</u>	<u>\$ 3,428,020</u>

See the accompanying notes to Schedule of Federal Assistance.



County of Alpena

**NOTES TO SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE**

**NOTE 1--SIGNIFICANT ACCOUNTING POLICIES**

**A. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the County of Alpena, Michigan and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic statements. All federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other governmental agencies are included on the schedule.

For the audit period ended December 31, 2004 the County of Alpena, Michigan's dollar threshold for larger Federal programs, which were regarded as Type A programs, were programs with Federal awards expended during the audit period which exceeded \$300,000. All other Federal programs were regarded as Type B programs. No federal programs were considered to be high-risk and the determination was made that major programs were all Type A programs and additional Type B programs to encompass at least 25% of the total federal awards expended. During the year ended December 31, 2004, the County of Alpena, Michigan expended 33% of its total expenditures of Federal Awards programs audited as Major programs.

**B. CFDA**

This refers to the Catalog of Federal Domestic Assistance.

**C. RECEIPTS**

Current year receipts represent cash/payments-in-kind received from Federal sources during the period January 1, 2004 through December 31, 2004.

**NOTE 2--MICHIGAN DEPARTMENT OF TRANSPORTATION PASS - THROUGH GRANTS**

It is required by the Michigan Department of Transportation (MDOT) that counties report total federal financial assistance pertaining to their county. However, only the federal financial assistance applicable to force account expenditures is required to be audited for compliance under the Single Audit Act through county procurement, because the county is required to have accounting and administrative control over this portion while the balance is administered by (MDOT).

During the year ended December 31, 2004, the County of Alpena did not have any federal financial assistance (local force revenue) applicable to force account expenditures. As a result, an audit for compliance under the Single Audit Act is not required.

During the year ended December 31, 2004, (MDOT) expended \$1,193,396 where the work was performed by private contractors on behalf of the County of Alpena.

County of Alpena

**NOTES TO SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE**

**NOTE 3--MICHIGAN FAMILY INDEPENDENCE AGENCY/TITLE IV-D COOPERATIVE REIMBURSEMENT GRANTS**

Grant funds received from the Michigan Family Independence Agency are comprised of both federal and state revenue. The following is a summary of grant activity:

Contract Number	Net	FIA IV-D Reimbursement			County Share
	Expenditures	Federal	State	Total	
CSFOC-03-04001	\$726,814	\$316,601	\$163,096	\$479,697	\$247,117
CSFOC-03-04001	34,649	-	34,649	34,649	-
CSFOC-04-04001	651,186	283,657	146,126	429,783	221,403
CSFOC-04-04001	22,677	-	22,677	22,677	-
CSFOC-05-04001	171,056	74,512	38,385	112,897	58,159
CSFOC-05-04001	15,850	-	15,850	15,850	-
CSMED-03-04001	21,796	14,385	7,411	21,796	-
CSMED-04-04001	19,161	12,646	6,515	19,161	-
CSMED-05-04001	6,547	4,321	2,226	6,547	-
CSPA-03-04002	52,695	22,905	11,800	34,705	17,990
CSPA-03-04002	2,225	-	2,225	2,225	-
CSPA-04-04002	60,957	26,553	13,679	40,232	20,725
CSPA-04-04002	2,199	-	2,199	2,199	-
CSPA-05-04002	14,343	6,248	3,218	9,466	4,877
CSPA-05-04002	1,178	-	1,178	1,178	-
Totals	<u>\$1,803,333</u>	<u>\$761,828</u>	<u>\$471,234</u>	<u>\$1,233,062</u>	<u>\$570,271</u>

**NOTE 4--RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS**

Federal financial assistance revenues are reported in the County's basic financial statements as follows:

	Federal Revenues
General Fund	\$ 147,933
Special Revenue Funds:	
Airport	785,821
Ambulance	57,896
Housing Commission	75,000
H.U.N.T.	144,053
Component Units:	
Health Department	1,204,568
Road Commission	427,886
Friend of the Court	298,492
Family Division Court	28,561
Total Federal Revenues	<u>\$3,170,210</u>

County of Alpena

**NOTES TO SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE**

**NOTE 5--RECONCILIATION**

Certain grants are comprised of both federal and state revenue. The percentage of this revenue mix varies from program to program and is not always easily identifiable. Consequently, certain federal grants may be classified as state grants in the general purpose financial statements. The following shows a reconciliation of revenues per the December 31, 2004 audited financial statements to expenditures per the Schedule of Federal Financial Assistance:

Federal Revenue as reported in the audited financial statements at December 31, 2004.	\$ 3,170,210
Alpena County Regional Airport Passenger Facility Charges not reported under the Single Audit.	(20,311)
Alpena County Regional Airport Federal Grants Funds administered by the Michigan Department of Transportation	(765,510)
Alpena County Road Commission Federal Grants Funds administered by the Michigan Department of Transportation.	(427,886)
Value of vaccine provided by the Michigan Department of Community Health not previously reported on the financial statements	256,004
Grant Funds previously reported as federal funds received from the Michigan Family Independence Agency determined to be state funded grants.	<u>(14,581)</u>
Expenditures per Schedule of Federal Financial Assistance	<u>\$ 2,197,926</u>

County of Alpena

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For the year ended December 31, 2004

A. Summary of Audit Results

1. The auditors' report expresses an unqualified opinion on the financial statements of the County of Alpena, Michigan.
2. No reportable conditions relating to the audit of the financial statements are reported in the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the County of Alpena, Michigan, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No reportable conditions in internal control over Major Programs are reported in the Report on Compliance with Requirements Applicable to each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133 and Supplementary Schedule of Expenditures of Federal Awards.
5. The Auditors' Report on Compliance for Major Programs expresses an unqualified opinion.
6. The Auditors' report disclosed no instances of findings relative to the major federal award programs required to be reported under OMB Circular A-133.
7. Programs tested as major programs:

Promoting Safe and Stable Families	CFDA #93.556
Temporary Assistance for Needy Families	CFDA #93.558
Child Support Enforcement	CFDA #93.563
8. The threshold for distinguishing Type A and Type B Programs was \$300,000.
9. The County of Alpena was determined to be a low-risk auditee.

B. Summary of Findings Relating to the Financial Statements.

There were no findings relating to the financial statements which are required to be reported under generally accepted government auditing standards.

C. Findings and Questioned Costs of Major Federal Award Programs.

There were no findings or questioned costs related to the major federal award programs for the year ended December 31, 2004.

County of Alpena

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

For the year ended December 31, 2004

There were no findings or questioned costs in the prior year.

County of Alpena

**CORRECTIVE ACTION PLAN**

For the year ended December 31, 2004

A Corrective Action Plan is not required since there are no findings or questioned costs.

County of Alpena

**Schedule of Grant Number MSC 03-0756-HOA**

Application of Community Development Block Grant Funds

For the Grant Period January 1, 2003 Through December 31, 2004

<b>Activity</b>	<u>Approved Budget</u>	<u>Funds Expended To Date</u>	<u>Unexpended Balance</u>
HO Rehabilitation	\$ 148,000	\$ 148,000	\$ -
HO Emergency Repair	16,000	16,000	-
Administrative	36,000	36,000	-
Total	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ -</u>